



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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ARLINGTON, TEXAS 76011-4125

March 3, 2010

John T. Conway
Senior Vice President-Energy &
Supply and Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Nuclear Plant
77 Beale Street, Mail Code B32
San Francisco, CA 94105

SUBJECT: ANNUAL ASSESSMENT LETTER – DIABLO CANYON POWER PLANT
(NRC INSPECTION REPORT 05000275/2010001 AND 05000323/2010001)

Dear Mr. Conway:

On February 17, 2010, the NRC staff completed its performance review of Diablo Canyon Power Plant. Our technical staff reviewed performance indicators for the most recent quarter and inspection results for the period from January 1 through December 31, 2009. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility.

This performance review and enclosed inspection plan do not include security information. A separate letter designated and marked as "Official Use Only – Security-Information" will include the security cornerstone review and resultant inspection plan.

Overall, Diablo Canyon Units 1 and 2 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all performance indicators indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility. In addition to baseline inspections, we also plan on implementing inspection procedure 71007, "Reactor Vessel Head Replacement Inspection," for Unit 1. The staff will also be conducting Inspection Procedure 92723, "Follow Up Inspection for Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period," to follow up on six Severity Level IV violations in the traditional enforcement area of impeding the regulatory process.

Additionally, the staff has identified a substantive cross-cutting issue in the area of problem identification and resolution associated with the thoroughness of problem evaluation [P.1(c)]. The staff first identified this theme in the 2008 annual assessment letter, dated March 4, 2009. This theme continued through the 2009 mid-cycle assessment as discussed in our September 1, 2009, letter. The staff has concluded that this theme continued again through the

current 12 month assessment period with six Green findings documented with this cross-cutting aspect. Recent examples include: the failure to perform an adequate evaluation for damping values for the Unit 2 replacement reactor vessel head; the failure to identify and correct a degraded fire door latching mechanism; and an inadequate evaluation of operator actions related to the steam generator tube rupture accident analysis. While you have implemented a range of substantial corrective actions to address the cross-cutting theme, these actions have yet to prove effective in mitigating the continuing trend. It is not apparent that you have fully evaluated the depth and breadth of the issue to ensure the effectiveness of your corrective actions. The NRC has concluded that you should assess why your past corrective actions have not been effective in mitigating the trend and make adjustments as appropriate to ensure that you achieve results in correcting the trend. We will monitor your progress in addressing this cross-cutting issue through baseline inspections, including semi-annual trend reviews and the biennial problem identification and resolution team inspection. This substantive cross-cutting issue will remain open until we determine that corrective actions have resulted in sustained improved performance as demonstrated by no safety significant findings and a reduction in the number of findings with the same causal factor, specifically focusing on the most recent 6-month period reviewed in the assessment period.

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through June 30, 2011. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the mid-cycle review.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Geoffrey Miller at 817-860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Dwight D. Chamberlain, Director
Division of Reactor Projects

Docket Nos. 50-275, 50-323
License Nos. DPR-80, DPR-82

Enclosure: Diablo Canyon Inspection / Activity Plan

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File located: R:_Reactors\EOC2009\DC.doc

SUNSI Rev Compl.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	ADAMS	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Reviewer Initials	GM
Publicly Avail	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Sensitive	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Sens. Type Initials	GM
C:DRP/B	D:DRS	D:DRP			
GMiller	RJCaniano	DDChamberlain			
/RA/	/RA/	/RA/			
2/25/10	2/25/10	3/1/10			

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Diablo Canyon
Inspection / Activity Plan
04/01/2010 - 06/30/2011

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
TSB-52B - BIENNIAL PI&R					4
1,2	03/29/2010	04/02/2010	IP 71152B	Identification and Resolution of Problems	
1,2	04/12/2010	04/16/2010	IP 71152B	Identification and Resolution of Problems	
EXAM - INITIAL EXAM					3
1	04/12/2010	04/16/2010	X02435	INITIAL EXAM- DC (4/31/2010)	
1	05/17/2010	05/21/2010	X02435	INITIAL EXAM- DC (4/31/2010)	
RS678 - RADIATION SAFETY TEAM					3
1,2	05/24/2010	05/28/2010	IP 71124.06	Radioactive Gaseous and Liquid Effluent Treatment	
1,2	05/24/2010	05/28/2010	IP 71124.07	Public Radiation Safety	
1,2	05/24/2010	05/28/2010	IP 71124.08	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
1	05/24/2010	05/28/2010	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1	05/24/2010	05/28/2010	IP 71151-PR01	RETS/ODCM Radiological Effluent	
EP-1 - BIENNIAL EP EXERCISE INSPECTION					4
1,2	08/09/2010	08/13/2010	IP 7111401	Exercise Evaluation	
1,2	08/09/2010	08/13/2010	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1,2	08/09/2010	08/13/2010	IP 71151-EP01	Drill/Exercise Performance	
1,2	08/09/2010	08/13/2010	IP 71151-EP02	ERO Drill Participation	
1,2	08/09/2010	08/13/2010	IP 71151-EP03	Alert & Notification System	
EB2-LRI - LICENSE RENEWAL INSPECTION					6
1,2	08/16/2010	08/20/2010	IP 71002	License Renewal Inspection	
1,2	09/13/2010	09/13/2010	IP 71002	License Renewal Inspection	
PSB2-08P - INSERVICE INSPECTION - U1					2
1	10/12/2010	11/05/2010	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds	
1	10/12/2010	11/05/2010	IP 7111108P	Inservice Inspection Activities - PWR	
RS12 - OCCUPATIONAL RADIATION SAFETY					2
1,2	10/18/2010	10/22/2010	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1,2	10/18/2010	10/22/2010	IP 71124.02	Occupational ALARA Planning and Controls	
2	10/18/2010	10/22/2010	IP 71151-OR01	Occupational Exposure Control Effectiveness	
2	10/18/2010	10/22/2010	IP 71151-PR01	RETS/ODCM Radiological Effluent	
EB1-07T - TRIENNIAL HEAT SINK PERFORMANCE					1
1,2	12/06/2010	12/10/2010	IP 7111107T	Heat Sink Performance	
PSB2-08P - INSERVICE INSPECTION - U2					3
2	04/04/2011	04/29/2011	IP 7111108P	Inservice Inspection Activities - PWR	

This report does not include INPO and OUTAGE activities.
 This report shows only on-site and announced inspection procedures.